

Refer: SD-513
20 August 1963

STATINTL To:

Subject: "A" Follow-on Procurement

Dear Art:

STATINTL Associated with the "E" Prime clock to be delivered with the "A" follow-on system is the requirement whereby FCI will procure from its Semiconductor Division integrated milliwatt logic. This requirement is also prevalent on subcontracts with for "E" Prime clocks. The policy of the corporation is such that the inspection and audit clause contained in fixed price and CPFF prime contracts with either Lockheed or the Government would not be applicable to fixed price purchase orders with Fairchild Semiconductor Division.

I would like your opinion as to whether the following language can be incorporated in the Prime contract to be issued for the "A" follow-on system:

"The Fairchild Space and Defense Systems is authorized to procure from its Semiconductor Division integrated circuits and/or Semiconductor devices on a Fixed Price basis, which subcontract shall contain the terms and conditions of a Fixed Price contract and will not be subject to inspection and/or audit, notwithstanding any other provision of this contract."

In conjunction with procurements of this nature from the Semiconductor Division, further assurances are given to the Government that the price quoted is one quoted to most favored customers and in no case would exceed those prices quoted to any other corporation.

I would appreciate your consideration of the above clause and your early reply as to whether or not the clause cited above would be acceptable to the Government.

Your cooperation in this matter is appreciated.

Very truly yours,

STATINTL